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C O N F I D E N T I A L SECTION 01 OF 02 TASHKENT 001292

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TAGS: [EFIN](#) [PGOV](#) [CASC](#) [UZ](#)  
SUBJECT: GOU CRACKDOWN ON CASH "SMUGGLING"

REF: TASHKENT 503

Classified By: CDA Brad Hanson for reasons 1.4 (b) and (d).

11. (C) Summary: Uzbek law requires that cash brought in to, or taken out of Uzbekistan, be declared and establishes limits on the amount of cash that can be taken out of the country. Enforcement of these regulations, historically weak, appears to have been stepped up in recent months, particularly at Tashkent airport. Anecdotal accounts suggest that the increased enforcement has focused on foreign travelers. These efforts are consistent with the Government of Uzbekistan's ongoing efforts to control the amount and location of money in the country, at least in part to ensure that it is not used to finance anti-government activities. The apparent focus on foreigners taking money out of the country also suggests that simple greed may play a role in the clamp down. End summary.

12. (U) Uzbek law requires all persons to declare in writing the amount of cash they are bringing in to, or taking out of, Uzbekistan. There is no limit to the amount of foreign cash that may be brought in to Uzbekistan, provided it is declared, but only 50 times the minimum monthly wage in Uzbek soum may be imported (currently about \$600 total). Uzbekistan residents are allowed to take up to \$2,000 in foreign currency and up to 50 times the minimum monthly wage in Uzbek soum out of the country without obtaining a permit. Amounts above these limits may be taken out of Uzbekistan with permission from the Central Bank. Non-residents are allowed to take out of Uzbekistan only the same amount of cash that they brought in to the country, as declared on their customs forms. The Central Bank also may grant exceptions to this rule. Violations of cash import/export regulations result in confiscation of undeclared cash and may also be punished by fines of up to 300 minimum monthly wages (\$3,600), two years of correctional labor, or five years imprisonment. Violations "in especially large amounts," which is conveniently left undefined, are punishable by fines of up to 600 minimum monthly wages (\$7,200), three years of correctional labor, or five to eight years in prison.

13. (C) According to Embassy contacts, enforcement of the cash declaration requirements historically has been spotty, particularly with regard to foreign travelers. Tried and true methods to avoid the requirements are well known in Tashkent. For example, Embassy contacts say that one of the best ways to avoid a rigorous customs inspection is to arrive at the airport late on a busy morning, as Customs officers typically conduct much less rigorous inspections of passengers so as to avoid delaying aircraft departures. Likewise, making "alternative arrangements" with a particular Customs inspector (i.e., paying him or her a bribe) also is a possibility.

14. (C) Embassy contacts suggest, however, that in the last

six to eight months the Government of Uzbekistan has started to crack down on cash smuggling, particularly at Tashkent International Airport. Embassy contacts report that every Customs inspection station at the airport is now monitored by remote video camera and that Customs inspectors are being called on the carpet for conducting poor inspections. As a result, an increasing number of passengers are being routed to secondary inspection, where discovery of illicit cash is much more likely. Likewise, anecdotal evidence points to increased focus on foreign travelers. On July 11, the government-controlled press printed an article reporting recent incidents involving Russian and Israeli citizens arrested at the airport for cash smuggling. The article, purportedly written by a Tashkent City Criminal Court official, contains a clear warning that foreign citizens will be arrested and prosecuted if caught trying to take undeclared cash out of the country. Furthermore, during a recent incident involving an AmCit traveler (see below), Customs officials told Conoff that six or seven Americans had been caught smuggling cash out of the country in the last several months, more than they used to detain in an entire year.

15. (C) On June 26, an AmCit traveler was detained at the airport for cash smuggling. He had arrived in Uzbekistan about two weeks previously and declared \$200 upon entry. Upon departure, he declared \$1,000 on his Customs forms. The Customs inspector compared the two amounts, informed him that he could not take out more money than he brought in, and instructed him to complete a new customs declaration. The AmCit, in the presence of the Customs official, completed a new form and declared that he was taking \$200 out of the country. He was immediately referred to secondary inspection, where it was discovered that he had \$2,400 in

TASHKENT 00001292 002 OF 002

cash. Customs officials confiscated \$2,200 (the "undeclared" amount of cash) and detained the AmCit for several hours before allowing him to leave the airport. An airport Customs officer told Conoff that the case would be sent to a Tashkent court for disposition. In theory, the court could decide to return the confiscated money to the AmCit, but the Customs officer said that in his experience this never happened.

16. (C) Comment: The government has substantially increased controls on cash and other financial resources since May 2005, at least partially out of paranoia that uncontrolled money is funding efforts to create the next "color revolution." The crackdown on cash smuggling is consistent with these efforts. Most of the incidents of which Post is aware, however, have involved foreigners trying to take cash out of Uzbekistan. In theory, any money seized goes to the state budget, although in practice it is likely that government officials, from working level Customs officers up, take a cut before passing the cash along. To the extent that increased enforcement is focused on foreigners departing the country, simple greed also may be a motivating factor for the clamp down.

HANSON